

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 EB-08 AID-05 CIAE-00 FRB-03 INR-10
NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03 SP-02
LAB-04 SIL-01 OMB-01 DOE-15 SOE-02 /080 W
-----032567 061929Z /46

R 050830Z MAY 78
FM AMEMBASSY SINGAPORE
TO SECSTATE WASHDC 201
USDOC WASHDC
INFO AMEMBASSY BANGKOK
AMEMBASSY JAKARTA
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY TOKYO

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COMMERCE FOR MEPD

E.O. 11652: N/A
TAGS: ETRD, EINV, SN, JA
SUBJ: VISIT OF MITI MINISTER KOMOTO

BEGIN UNCLASSIFIED:
1. SUMMARY: DURING HIS MAY 2-4 VISIT TO SINGAPORE,
JAPANESE MINISTER OF INTERNATIONAL TRADE AND INDUSTRY
(MITI) TOSHIO KOMOTO ANNOUNCED THAT JAPAN WILL SEND
A BUYING MISSION TO SINGAPORE AND THE OTHER ASEAN
COUNTRIES LATER THIS MONTH. KOMOTO ALSO SAID THAT
THE JOINT JAPANESE-SINGAPORE PETROCHEMICAL PROJECT WOULD
BE COMPLETED BY THE END OF 1981, ALTHOUGH HE HEDGED
ON WHETHER ITS PRODUCTS WOULD ENJOY PREFERENTIAL ACCESS
TO THE JAPANESE MARKET. HE ALSO COMMENTED ON INDONESIA'S
REQUEST FOR JAPANESE ASSISTANCE IN PRODUCING DIESEL
TRUCK ENGINES FOR ITS DOMESTIC MARKET IN LIGHT OF
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JAPANESE SUPPORT FOR SINGAPORE'S OWN DIESEL ENGINE
PROJECT. END SUMMARY.

2. AFTER MEETING WITH PRIME MINISTER LEE KUAN YEW AND
FINANCE MINISTER HON SUI SEN, KOMOTO HELD A PRESS CON-
FERENCE ON MAY 3 TO DISCUSS THE RESULTS OF THOSE CON-
SULTATIONS. KOMOTO SAID HE ASSURED THE GOS LEADERS

THAT JAPAN WAS COMMITTED TO A BASIC POLICY OF FREE TRADE AND RESISTANCE TO PROTECTIONISM. KOMOTO ALSO DISCUSSED WITH THE GOS WAYS BY WHICH JAPAN'S TRADE SURPLUS WITH SINGAPORE COULD BE REDUCED. IN THIS REGARD, KOMOTO ANNOUCHED THAT A PURCHASING MISSION WILL VISIT SINGAPORE AND OTHER ASEAN COUNTRIES TO PROMOTE IMPORTS. THE MISSION WOULD, HOWEVER, SEEK NO SPECIALLY-TARGETED ITEMS. WHETHER THIS MISSION WILL BE MORE THAN A PUBLIC RELATIONS EXERCISE OF COURSE REMAINS TO BE SEEN.

3. ELSEWHERE IN HIS PRESS CONFERENCE, KOMOTO SAID THAT JOINT SINGAPORE-JAPAN PETROCHEMICAL COMPLEX WILL BE COMPLETED "ON SCHEDULE" AT YEAR-END 1981. KOMOTO CONFIRMED PROJECT'S STATUS AS JAPANESE NATIONAL PROJECT, THUS GUARANTEEING FINANCING THROUGH JAPANESE OVERSEAS ECONOMIC COOPERATION FUND (OECF).

4. KOMOTO DUCKED QUESTION OF PREFERENTIAL ACCESS TO JAPANESE MARKET FOR PLANT'S OUTPUT, SAYING THAT MANAGERS HAD FOUR YEARS TO CONSIDER MARKETING ARRANGEMENTS. HE DENIED THAT JAPANESE GOVERNMENT WOULD PARTICIPATE IN PROPOSED INDONESIAN PETROCHEMICAL PROJECT OR THAT GOS HAD DISCUSSED THE MATTER WITH JAKARTA.

5. SINGAPORE DAILY "BUSINESS TIMES" COMMENTED EDITORIALY MAY 4 THAT ALTHOUGH "PLENTY OF DOUBTS" STILL REMAIN CON-

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CERNING PROJECT, IT IS CLEAR THAT PRODUCTION DATE IN 1982 IF FIRM. DESPITE PAST COMMENTS ABOUT "JAPANESE PROPENSITY TO MAKE HALF-PROMISES...THEIR ABSOLUTE COMMITMENT TO PETROCHEMICAL PROJECT IS BOTH WELCOME AND TO SOME EXTENT SURPRISING...IT IS NOW A MATTER OF SECONDARY IMPORTANCE WHETHER THE OUTPUT WILL BE SOLD IN JAPAN...OR IN TIMBUCTOO. THE IMPORTANT THING IS THAT THE (\$\$) TWO BILLION DOLLAR PROJECT IS ON."

6. KOMOTO ALSO SAID THAT JAPANESE FEASIBILITY STUDIES IN CONNECTION WITH INDONESIA ASEAN UREA PROJECT ARE ALMOST FINISHED, CONSTRUCTION WILL BEGIN SOON AND JAPAN WILL EXTEND FINANCIAL ASSISTANCE AS NECESSARY. OTHER FOUR PROJECTS, HE SAID, ARE STILL BEING STUDIED. KOMOTO THEN TURNED TO SINGAPORE DIESEL ENGINE PROJECT, OUTLINED PROBLEMS CONCERNING ENGINE SIZES AND INDONESIAN MARKET ACCESS, AND CONFIRMED THAT JAPANESE CONSORTIUM HAS BEEN REQUESTED TO AID GOI IN SETTING UP COMMERCIAL VEHICLE ENGINE PLANT IN SURABAYA. CONSORTIUM, WHICH INCLUDES NISSAN, TOYOTA, DAIHATSU AND MITSUBISHI, WILL BE SENDING RESEARCH MISSION THERE SHORTLY. END UNCLASSIFIED.

7. BEGIN LIMITED OFFICIAL USE. DANIEL SELVARETNAM OF SINGAPORE ECONOMIC DEVELOPMENT BOARD ALSO TOLD EMBOFF THAT GOS DIESEL PROJECT IS STILL BEING STUDIED, AND THAT CUMMINS AND CATERPILLAR OF U.S. HAD SUBMITTED PROPOSALS FOR PARTICIPATION. LOCAL CATERPILLAR REP SAYS HE IS STILL PUZZLED ABOUT GOS INTENTIONS BUT HIS COMPANY HAS SUBMITTED FEASIBILITY STUDY OUTLINING CONDITIONS TO BE MET IF CATERPILLAR IS TO PARTICIPATE. REP SAID HIS COMPANY IS NOT EXCITED ABOUT PROFITABILITY OF PROPOSED DIESEL PLANT.

8. ON PETROCHEMICAL PROJECT, WE NOTE THAT "SCHEDULED" COMPLETION DATE OF LATE 1981 IS ACTUALLY A POSTPONEMENT. KOMOTO'S FIRM COMMITMENT IS CERTAINLY SUBJECT TO RECONSIDERATION IF IT LIMITED OFFICIAL USE

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BECOMES CLEAR THAT THE PLANTS'S OUTPUT WILL FIND NO MARKET. INDEED, KOMOTO HEDGED SOMEWHAT ON THE ACTUAL DATE FOR THE COMPLEX'S COMMENCEMENT OF OPERATION, SAYING THAT HE AND LEE KUAN YEW HAD AGREED THAT THIS DATE WOULD BE DETERMINED BY THE "SPECIALISTS". BY "SPECIALISTS," KOMOTO NO DOUBT MEANT THE PARTICIPATING JAPANESE COMPANIES. ONE WAG HERE SUGGESTED THAT THE CHOICE MAY ULTIMATELY BE BETWEEN DUMPING THE PROJECT'S OUTPUT ON THE JAPANESE MARKEET AND USING IT AS LANDFILL FOR SINGAPORE'S RECLAIMING PROJECTS. HOLDRIDGE

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